

**Minutes
Special Meeting - 1/28/2011
City Council/Redevelopment Agency/Public Financing Authority
City of Huntington Beach**

Friday, January 28, 2011
8:30 AM – Rooms C&D
Huntington Central Library
7111 Talbert Avenue
Huntington Beach, California 92648

**An audio recording of Consent Items 1 and 2 is
archived at www.surfcity-hb.org/government/agendas/**

CALL TO ORDER - 8:36 AM

ROLL CALL (Mayor Pro Tem Don Hansen has requested permission to be absent pursuant to Resolution No. 2001-54)

Present: Boardman, Dwyer, Bohr, Carchio, Harper, and Shaw
Absent: Hansen

PLEDGE OF ALLEGIANCE - Led by Councilmember Shaw

ANNOUNCEMENT OF COMMUNICATIONS RECEIVED AFTER AGENDA DISTRIBUTION

Communication entitled *Huntington Beach Six-Month Strategic Objectives (29 January 2010 through December 2010)* was submitted for Administrative Item No. 3 by facilitator Marilyn Snider of Snider and Associates.

PowerPoint submitted for Administrative Item No. 3 by Lori Ann Farrell, Director of Finance entitled *Strategic Planning Session – Budget Update and Discussion, January 28, 2011*.

Comments Regarding Budget Issues and Priorities dated January 27, 2011, submitted for Administrative Item No. 3 by Mayor Pro Tem Don Hansen.

PUBLIC COMMENTS PERTAINING TO SPECIAL MEETING CLOSED SESSION ITEM(S) (3 Minute Time Limit)

(The number (hh:mm:ss) following the speaker's comments indicates their approximate starting time in the archived audio located at <http://www.surfcity-hb.org/government/agendas/>)

John McGovern, speaking on behalf of the Public Works Commission, Infrastructure Advisory Board, and as a City resident, expressed concerns about using infrastructure funds to manage redevelopment debt. He asked Council to address infrastructure and consider that 15% of the infrastructure fund does not adequately repair and maintain the City's assets. He also stated support for the Finance Department's proposed plan to eliminate debt service. (00:01:40)

Ralph Bauer distributed a Wall Street Journal article dated January 18, 2011 about the City of Vallejo's cuts to pensions and benefits, and discussed responding to public employees and public unions. He also discussed the City's ability to realize income from City parking structures, enterprise funds, lease of City-owned properties, and claims. He concluded by explaining how the public is interested in strategic planning decisions made by the City Council, and stated his availability to share ideas. (00:04:36)

William O'Connell, Executive Director of Colette Children's Home, spoke in support of Consent Items 1 and 2, explaining how Colette's provides low income housing and worked very closely with the Redevelopment Agency to provide housing to over 4,109 homeless last year. He stated support for keeping redevelopment funds local. (00:09:01)

Councilmember Dwyer and Mr. O'Connell discussed how redevelopment loans benefit small, non-profit businesses.

John Cormie, Surf City Tea, discussed financial stewardship and voiced concerns about the \$3.7 billion shortfall in Orange County. He discussed the City's need to chart a new course by looking at policies that are not producing responsible results, and making appropriate changes. He also stated how Surf City Tea wishes to work with Council to promote business activity. (00:11:05)

Kreg Muller, President, Huntington Beach Police Officers Association (HBPOA), voiced concerns about the unanticipated CalPERS bill and its anticipated ill-effects on local government. He expressed disappointment about financial results realized from the enhanced retirement benefit offered to City employees through PARS, and how the City used reserves to cover general leave payouts of approximately \$1.9 million. He also described his review of the CalPERS evaluation published in October 2010 and expressed concerns about the figures representing political pressure, not actual performance. He concluded by asking Council not to put the CalPERS deficit on the backs of City employees. (00:13:30)

Councilmember Dwyer and Mr. Muller agreed to meet to discuss pension inflation that is projected in the coming years.

CONSENT CALENDAR

1. Adopted City Council Resolution No. 2011-07 and Redevelopment Agency Resolution No. 387 for a Cooperation Agreement between the City of Huntington Beach and the City of Huntington Beach Redevelopment Agency for funding of specified public infrastructure improvements and affordable housing projects

Councilmember Boardman pulled the item to clarify that the request provides a mechanism by which the Redevelopment Agency can still continue to pay the City \$9 million a year, should the State do away with redevelopment. Manager Wilson explained how the City must create a legal document to manage loans made against the City's general fund. Deputy Economic Development Director Kellee Fritzal stated that the current general fund deficit is \$4.9 million.

A motion was made by Boardman, second Bohr to adopt City Council Resolution No. 2011-07, "A Resolution of the City Council of the City of Huntington Beach Approving a Cooperation Agreement and Making Certain Determination and Findings Related Thereto;" and adopt Redevelopment Agency Resolution No. 387, "A Resolution of the Redevelopment Agency of the

City of Huntington Beach Approving a Cooperation Agreement and Making Certain Determinations and Findings Related Thereto;" and, authorize the Mayor/Redevelopment Chair, City Manager/Executive Director, and City/Agency Clerk to execute any and all documents. The motion carried by the following roll call vote:

AYES:	Shaw, Harper, Carchio, Bohr, Dwyer, and Boardman
NOES:	None
ABSENT:	Hansen

2. Approved an Implementation Agreement to the Cooperation Agreement between the City of Huntington Beach and City of Huntington Beach Redevelopment Agency for payment of costs associated with certain redevelopment funded capital improvements

Councilmember Boardman pulled the item to clarify whether or not action taken today obligates future Councils to the projects listed in the packet. City Attorney McGrath responded "no." Discussion ensued on the disposition of future projects and the leverage future Councils have to undo previous development decisions.

A motion was made by Boardman, second Bohr to approve an Implementation Agreement to the Cooperation Agreement between the City of Huntington Beach and City of Huntington Beach Redevelopment Agency for payment of costs associated with certain Redevelopment Funded Capital Improvements; and, authorize the Mayor/Redevelopment Chair, City Manager/Executive Director, and City/Agency Clerk to execute any and all documents. The motion carried by the following roll call vote:

AYES:	Boardman, Dwyer, Bohr, Carchio, Harper, and Shaw
NOES:	None
ABSENT:	Hansen

THE FOLLOWING PORTION OF THE SPECIAL MEETING WAS NOT AUDIO RECORDED:

ADMINISTRATIVE ITEMS

3. Strategic Planning Session by facilitator Marilyn Snider of Snider and Associates, and a Presentation of FY 10/11 Budget Recap and FY 11/12 Budget Update by Lori Ann Farrell, Director of Finance, followed by Council discussion and direction

Mayor Carchio introduced the workshop Facilitator, Marilyn Snider of Snider and Associates and Workshop Recorder, Michelle Snider Luna of Snider Education & Communication. After reviewing the City's Mission Statement, Core Values and Three-Year Goals (2009-2012), Facilitator Snider used a S.W.O.T. analysis to brainstorm the City's accomplishments since January of 2010. The Council and Executive Team suggested the following Brainstormed List of Perceptions:

- Updated the Charter
- Began budget debate on infrastructure
- Costco at Bella Terra
- Whole Foods opened
- Continued water conservation
- Solar panels approved for City Hall

- 5,000 Children in Summer Reading Program at the Library
- Replaced port-a-potties on the beach path with flush toilets
- Completed an Economic Development Strategy Study
- Completed a Library Strategic Plan
- Processed over 8,000 building and construction permits
- Performed over 25,000 building inspections
- Over 96,000 attendees at story times in the library system
- Successfully handled a 4% increase in calls for emergency service
- Began debate on pension reform
- Finished the year-end in a positive
- Electronic distribution of the agenda
- Completed a Fleet Study
- Adopted our new model and building codes
- Installed a weather-based irrigation system at 8 City facilities
- Reforming City Treasurer Position as part-time
- The City remained an attractive community
- Completed an energy retrofit at the library
- Implemented PARS (Public Agency Retirement System) retirement incentive
- Started the clean-up at the ASCON site
- Adopted a resolution regarding the sale of alcohol downtown
- Completed over 7,000 fire safety inspections
- Produced 9.6 billion gallons of water
- Approved a desalination plant
- Maintained our emergency financial reserves
- Obtained corporate sponsorship for 2 lifeguard towers
- Completed and received reimbursement for the Channel oil spill
- Distributed a customer survey to developers
- Approval of an affordable housing agreement for Bella Terra 2
- Began the redevelopment process for an amendment for the merged project areas
- Updated the Downtown Specific Plan
- Completed 8 & ½ miles of street rehabilitation
- Received reimbursements for 2010 winter storms
- Began automated meter reading system
- Started the use of credit cards at parking meters
- Established a Paperless Committee in the City
- Broke the 1 million mark for circulation at the library
- Started the Utility Yard renovation/construction
- Adopted Beach Edinger Corridor Specific Plan
- Approved annexation of Sunset Beach
- Modernized our Utility Tax Ordinance
- Balanced the 2010-11 budget
- New community garden
- Over 11,000 visits to the Art Center
- Eliminated over 200 personal printers in City Hall through Green Printing Program
- Began a 10-Point Plan to enhance business friendly approach within the City
- Started negotiations for a new hotel at Edinger
- Received an award for outstanding financial reporting

- Reorganized the Planning and Building Department
- Placed into service a new Urban Search and Rescue Unit which was certified by the State as a Medium
- Rescue Unit available for state-wide response, and completed the training for all personnel assigned to the unit
- Completed a Fire Department Strategic Planning Process
- Developing a system for rapid call-back of off-duty personnel
- Development of a fire department intranet portal home page to improve internal communication
- Completed a reorganization to better align functions and reporting relationships, including addressing major budget reductions
- Hosted a 26-member delegation from China to share HB experiences regarding disaster preparedness and disaster management
- Completed and submitted to the County five Point of Disbursement Plans for mass community vaccinations resulting in receipt of \$44,940 in grant funds
- Received and managed grants for Weapons of Mass Destruction (WMD) Training and Equipment (Urban Area Security Initiative) and Major Metropolitan Medical Response (MMMR)
- Maintained and operated a City Oil Production Unit with annual general fund revenue of approximately \$500,000 and developed a 10-year maintenance and replacement plan
- Implemented job sharing as part of the budget balancing efforts for FY 2010-11
- Registered 750 new FireMed members through a direct mail effort resulting in \$44,000 in revenue
- Completed a comprehensive study and evaluation of Fire Department staffing levels
- Started negotiations for a skate park

Facilitator Snider then took the same group through the exercise of listing current internal weaknesses and challenges the City is facing. The brainstormed list of perceptions consisted of:

- Increased number of vacant police officer positions
- Loss of experienced employees
- Lack of creativity
- Reduced City workforce
- Lower service levels due to staff cuts
- Loss of institutional knowledge
- Slower response time to police emergency calls
- Challenging transportation connections
- Lack of funding for all services
- Inadequate funding for equipment and capital needs
- Lack of wireless services
- Zero budget growth
- Can't do long-term planning—reactive, not proactive
- Reduced funding for employee training
- Employees are depressed by economic impacts that are external to City Hall
- Low morale
- Difficult to maintain a culture of public service
- Long-term labor contracts

- Lack of resources for hardware and software upgrades
- Reduced infrastructure funding
- Competing priorities
- Brain drain from massive retirements
- Limited training and education opportunities for employees
- Low revenues
- Uncertainty in employment—lack of job security
- Not enough support services
- Diminished promotional opportunities
- Elimination of investigative credit card fraud
- Public perception that HB is a difficult city to work in for development
- Public perception that fire inspections are a problem
- Increased lawsuits against the City
- Increased fees
- Challenge to keep up with new technology
- Negative public perception of downtown area

Looking to External forces, the group suggested items which will/might have a positive impact on the City of Huntington Beach in the coming year. The brainstormed list of perceptions included:

- Increased consumer retail spending
- Stock market investments going up
- Revenues off the lows
- Positive involvement of volunteer groups
- Possible regional partnerships with other communities
- Continuation of major events coming to the city
- Benefits of Sunset Beach annexation
- Warmer climate; less rain, which attracts visitors to the beach
- Stabilization of the housing market
- Go Green initiatives
- Construction of Costco
- Measure M—two grant opportunities
- More willingness of developers to move forward with projects
- Increased interest in redeveloping deteriorated properties
- A larger pool of qualified candidates for jobs
- Hotel occupancy rates going up
- End of the drought
- An attractive community
- Public and private grant opportunities
- Good beach weather this summer
- Continued interest in sports and local events
- Go Local program

The final portion of the exercise was to look at factors/trends that will/might have a negative impact on the City in the coming year. The brainstormed list of perceptions consisted of:

- Aging infrastructure
- Earthquakes

- Fire
- Floods
- Tsunami
- Increased demand for services
- Homelessness
- DUIs
- Vacancies
- Increased health care costs
- Increased cost of services and supplies
- Higher construction costs
- Unfunded State and Federal mandates
- Aging technology
- Less corporate travel negatively impacting tourism
- State budget deficit
- Unemployment
- Cal PERS
- Increased crime
- Increased lawsuits
- Weak retail sales
- Increased Fire Department emergency response calls
- Decline in the stock market
- Foreclosures
- Taxation
- Increased fuel costs
- Workers comp costs are higher
- Aging population
- Inflationary pressures
- State and Federal regulations
- Air quality/pollution issues
- Pressure on public safety
- Aging City Hall
- Aging library system
- 100 year rains
- Unreasonable expectations that every issue can be addressed by the City
- Business flight to other states

The Finance Director, Lori Ann Farrell presented a PowerPoint which included the following options which might address the FY 2011-12 budget shortfall.

Expenditure Reductions

- Across-the-board cuts
- Surgical or strategic cuts
- Proportionate share cuts
- Eliminate non-essential services

Revenue Increases

- Establish new fees and/or increase fees
- Increase fines and penalties
- Update fee study
- Property tax override for public safety pension

Employee Concessions (all options require negotiations)

- Negotiated salary increases
- Increase employee pick-up of pension costs
- Establish a new tier of benefits

Consensus by the City Council on options for the Management Team to examine further and report the results, including recommendations to the City Council for action were:

- Surgical or strategic cuts
- Eliminate services
- Establish new fees and/or increase fees
- Increase fines and penalties
- Property tax override for public safety pension
- Negotiated salary increases
- Increase employee pick-up of pension costs
- Establish a new tier of pension benefit

The City Council set the next Six-Months' Strategic Objectives (January 28 through July 15). In five areas:

Maintain Financial Viability and our Reserves

1. By the end of February 2011, the HR Director and the Deputy City Administrator will conclude negotiations with the unions that have salary increases pending to eliminate and/or defer the salary increases.
2. By the end of February 2011, the HR Director and the Deputy City Administrator will conclude negotiations with the unions regarding increasing employee pick-up of pension costs.
3. By March 1, 2011, the City Council with a list of services provided by the Department Heads, including cost and revenue impacts, will hold special meetings to examine possible strategic or surgical cuts, including elimination of services, in the City's departments and determine what cuts need to be made.
4. By March 1, 2011, the City Manager, with input from the Department Heads, will determine what fees could be established and/or increased, whether they include a vote of the public, legal issues and the impact of the fees on the budget, including costs to institute, and recommend to the City Council for action.

5. By March 1, 2011, the City Manager, with input from the Department Heads will examine the feasibility of increasing fines and penalties and make recommendation(s) to the City Council for action.
6. By June 1, 2011, the City Manager and Deputy City Administrator Emery will provide a report to the City Council on the property tax override for public safety pension and recommend options to the City Council for action regarding the tax rate for FY 2011-2012.
7. By July 1, 2011, the HR Director will conclude negotiations with the unions for the establishment of a two tier pension benefits system for new employees.

Maintain, Improve and Obtain Funding for Infrastructure and Equipment

1. By April 1, 2011, the Director of Public Works will pursue grant funding opportunities for Traffic Signal Synchronization and Capacity Enhancements and present the results to the City Council.
2. By May 1, 2011, the Director of Public Works, with input from the Public Works Commission, will identify sources of funding for infrastructure needs, including a potential storm drain fee, and report the results, including recommendation(s) to the City Council for action.
3. By June 1, 2011, the Director of Public Works, with input from the Public Works Commission, will prioritize infrastructure needs from the 10 Year CIP Needs List and make recommendation(s) to the City Council for action

Maintain Public Safety

1. By July 1, 2011, the Police Chief will provide the City Council with a written report regarding strategies to address the problem of DUI drivers in Huntington Beach.
2. By July 15, 2011, the Fire Chief and Deputy City Administrator Emery will provide a report to the City Council via the City Manager evaluating assignment of marine safety to the Fire Chief
3. By July 15, 2011, the Fire Chief, working with the Police Chief will provide to the City Council a report on the use of new technology to enhance public safety

Enhance Economic Development

1. By March 1, 2011, the City Council will determine whether or not to proceed with a Supplemental Environmental Impact Report and the General Plan Amendment for the Senior Center.
2. By April 1, 2011, Deputy City Administrator Hall will declare that Huntington Beach is "Open for Business" and begin implementing the City's 10 Point Business-Friendly Plan.

3. By May 15, 2011, the Planning and Building Director will complete the SW corner of Beach and Warner EIR and submit to the Planning Commission for action.
4. By June 15, 2011, the Planning and Building Director will complete the SE corner of Beach and Ellis EIR and submit to the Planning Commission for action.
5. By July 15, 2011, Deputy City Administrator Hall will survey existing businesses in Huntington Beach and identify opportunities for expansion and obstacles that inhibit or diminish their success, and report the results to the City Council.
6. By July 15, 2011, contingent upon Coastal Commission approval, the Planning and Building Director will complete the Downtown Specific Plan update and present to the City Council.
7. By July 15, 2011, the Economic Development Director and Planning and Building Director will complete the processing of the Center Avenue Skate Park and present to the City Council for action.

Improve Internal and External Communication

1. Weekly, the Community Relations Officer/PIO will place on Facebook and Twitter at least two City of Huntington Beach informational postings.
2. Beginning the day following each City Council meeting, the Community Relations Officer/PIO will post a summary of City Council meeting highlights (e.g., actions by the City Council) to the Surfnet and on a link to all employees.
3. No later than March 1, 2011 and June 1, 2011, the City Administrator and the Finance Director will provide to all employees two quarterly updates on the budget situation, in person and with an interactive Q & A session.
4. By March 15, 2011, Deputy City Administrator Hall will ensure that all City Boards and Commissions' agendas are posted to the City's website prior to the meeting, and the minutes following Board or Commission approval.
5. By July 1, 2011, the IS Director will increase bandwidth in the Library by 300%.
6. By July 1, 2011, Mayor Carchio and two City Council members (on a rotating basis) will hold three brown bag lunches with employees to provide updates on City Council priorities and issues.

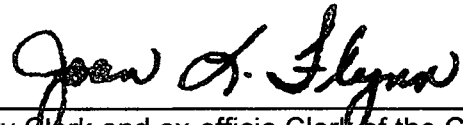
Next steps and follow-up:

By January 31, 2011 the City Manager will distribute the retreat record to those unable to attend or who had to leave early and all recipients will read the record by February 3, 2011. Department Heads will share and discuss the Strategic Plan with their staff by February 15, 2011, and the Executive Team will review the "Internal Weaknesses/Challenges" list for possibly action items by February 15, 2011.

At the February 22, 2011 City Council Meeting the Council will present the updated Strategic Plan to the Public, and each month the Council will monitor progress on the goals and objectives and revise objectives (add, amend and/or delete) as needed. The next Strategic Planning Workshop is scheduled for July 29, 2011 from 8:30 a.m. to 4:00 p.m. at the Central Library. At that time the Council will more thoroughly assess progress on the goals, develop a Vision Statement for the City, and develop Strategic Objectives for the next six months.

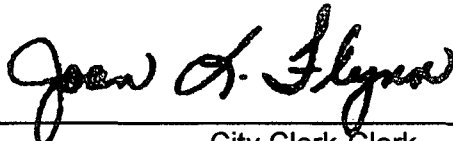
ADJOURNMENT - 2:55 PM

Adjournment to Monday, February 7, 2011, at 5:00 PM in Room B-8, Civic Center, 2000 Main Street, Huntington Beach, California.



City Clerk and ex-officio Clerk of the City Council of the City of Huntington Beach and Clerk of the Redevelopment Agency of the City of Huntington Beach, California

ATTEST:



City Clerk-Clerk



Mayor-Chair